

Milwaukee County Employees' Retirement System (ERS)
Pension Budget, Audit and Compliance Committee Meeting

MINUTES

Members: Dean Roepke
John Parish

1. Call to Order:

Acting Chairman Dean Roepke, called the Audit Committee Meeting to order at 3:00 pm, on 7-28-08, in the 2nd Floor/Commission Room (210), of the Milwaukee County Courthouse, at 910 North 9th Street, Milwaukee, WI 53233.

2. Roll Call:

Members Present:
Dean Roepke

Others Present:
Gerald Schroeder
Linda Bedford
Steve Huff
Mark Grady

3. Topic: Annual Disability Reexaminations

General discussion took place concerning the approach to use for disability re-examinations. An ERS Overview document was provided, along with the relevant ordinances and rules. It was noted that the ordinance states that the Board may require re-examinations of those disability pensioners who have not reached retirement age. Based on this premise and the recommendations set forth by ERS, the Audit Committee provided the following direction:

- ERS should continue to remove disability pensioners, at normal retirement age, from the reexamination list
- ERS will initially refer to the Medical Board for record review those non-retirement age members who received disability pensions from 1/1/03 through 6/30/07.
- For those individuals, the Medical Board will conduct a record review to determine those members who have disabilities the nature of which makes reexamination unlikely to result in a change in the Medical Board's prior opinion regarding permanent disability. These pensioners will not be physically re-examined by the Medical Board.

- The members remaining after that review will be physically reexamined by the Medical Board.
- ERS will create a Check Box Form, for the Medical Board to use in reviewing disability reexamination cases.
- ERS will schedule, follow-up and process all Medical Board referral for reexaminations.
- ERS will immediately begin scheduling all disability reexaminations, effective 7-1-08, on a 3 year cycle.

4. Topic: **Virchow Krasuse Audit**

A copy of the draft Virchow Krause Audit letter and response was provided to committee members. The general discussion centered on the ambiguity of the recommendations. No suggested revisions were received with respect to the draft response. ERS noted that a final response was being worked on with no major changes. The Department of Audit wants the official ERS response by 8-1-08.

5. Topic: **Audit Committee Expansion**

General discussion took place concerning the need to recruit new membership to the Audit Committee. Dean Roepke is in the discussion process with Roy Felber and will pursue further discussions with other Board members.

6. Topic: **Direct Deposit Non-Compliance**

General discussion took place relating to the ERS direct deposit program. ERS presented an updated status report, indicating that 98.5% of our retirees (7,350) are currently on direct deposit. The Audit Committee felt that this was an outstanding result and directed ERS to not pursue any action against non-compliant members. ERS will continue to encourage participation in the direct deposit program.

7. Topic: **RFP Investment Consulting Services**

General discussion took place concerning the RFP for Investment Consulting services. Steve Huff indicated that the RFP is almost ready to go. It was recommended that a brisk timeline be followed, in order to be up and running on 1-1-09. The RFP will be sent to a list of the best-known national firms and firms that had expressed interest, with advertisement in appropriate national publications and an Intranet listing posted.

The RFP Evaluation Panel was tentatively determined to be as follows:

- John Parish
- Dean Roepke
- Linda Bedford
- Sarah Peck
- Thomas Ricks (Pending)

The Audit Committee agreed to the following process:

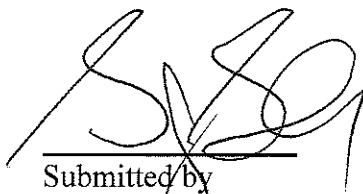
- Steve Huff will forward the draft RFP to the Audit Committee members during the week of 7-28-08. The Audit Committee will provide comments To Mr. Huff by August 8th. The revised draft will then be sent to all Board members for comments to Mr. Huff by August 15th.
- A Special Audit Committee Meeting has been set up on 8-20-08 (3:00pm, Courthouse, Commission Room-210), in order to finalize the RFP process.
- The Committee will target sending out and advertising the RFP and posting it on the Intranet, on, or shortly after 8-25-08.
- Responses will be due by 10-1-08, with the evaluation process to take place in October and November in time for Board review and approval of the recommended firm by the November 12th meeting.
- It is anticipated that a contract negotiation period will follow, with an implementation target date of 1-1-09.

It should be noted that Steve Huff will review the possibility of recruiting an RFP expert to assist the Board in this process, with a recommendation to the Board expected at the September 17th meeting.

8. Topic: Tax Compliance (Closed Session)

The Audit Committee went into closed session, by unanimous vote, in order to receive advice from legal counsel on this topic.

9. Adjournment: The Audit Committee meeting was adjourned at 4:55pm.



Submitted by
Gerald J. Schroeder
ERS Manager